

FISCAL NOTE

HB 2237 - SB 2264

March 14, 2002

SUMMARY OF BILL: Creates the Tennessee Forest Resource Conservation Act of 2002 which:

- Requires a permit from the Commissioner of Environment and Conservation before a person may establish or expand a facility that uses pulpwood.
- Specifies that anyone conducting the following activities must apply for a permit and provide specific information on such application:
 - Any proposed chip mill or other facility that uses wood chips as a primary material to produce any product that will have the capacity to use 80,000 tons of pulpwood or more in a year.
 - Any existing chip mill or facility proposing to increase its capacity to use or its usage of pulpwood if the total proposed capacity would allow the use of 80,000 tons or more in a year;
 - Any existing chip mill or facility which used 80,000 tons of pulpwood or more in 1999 or 2000, and proposing to increase its capacity to use or its annual usage of pulpwood by 15,000 tons or more;
 - Any proposed staging, log or chip transfer facility or log loading operation that will receive or transport over 50,000 tons or more of whole logs in a year destined for chip mills or other facilities using pulpwood.
 - Any existing chip mill or facility intending to increase its capacity to use, or its usage of, pulpwood beyond an amount authorized by an existing permit or to extract timber from a county not identified in an existing permit.
- Requires the permit application to be accompanied by a fee sufficient to defray all of the costs of the permitting process, including the forest resource study. The permit fee shall be set and may be revised in the same manner as the department sets and revises permit fees under the Clean Water Act.
- Requires the Commissioner of Environment and Conservation to:
 - Send each member of the public and interested agencies who have requested information notification regarding applications filed within 10 days of receipt of an application for a permit. Notices of permit applications shall be in a form approved by the commissioner; published in one newspaper of general circulation in each county from which forest resources will be drawn if the permit application is approved; and posted on the Internet by the department of environment and conservation. Comments on the permit application may be submitted 35 days following the date of the notice application.
 - Perform a forest resource review to determine whether there are sufficient forest resources in the drain area or areas to support the proposed facility or expansion of a facility, taking into account the drain area usage and potential usage of forest resources by existing wood-using facilities.

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- Prepare a forest resource review report. The report shall include, but not be limited to, an analysis of the effect of granting the permit requested which may arise from both the operation of the facility and the harvesting of timber necessary for operation of the facility, including cumulative effects.
- Requires every permit granted shall specify the maximum tonnage of pulpwood which may be consumed by the permitted facility and the counties in Tennessee from which pulpwood may be harvested for the facility based upon the representation made in the permit application.
- Authorizes any person denied a permit or granted a conditional permit to request a hearing. Any person who submits comments on an application would also have standing to an appeal. Any hearings would be conducted pursuant to UAPA.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$81,300 Recurring
\$5,000 One-Time**

Increase State Revenues - Less Than \$100,000

Cost estimate assumes:

- Existing facilities would not be required to obtain a permit unless they are expanding their operations.
- The Department of Environment and Conservation would need an additional staff person to assist in administering the provisions of the bill.
- The Department would contract for the performance of forest resource reviews. There may be years in which no forest resource reviews are required, therefore, contracting for the performance of such reviews would be the most cost efficient method.
- Approximately one permit will be issued each year with permit fees established at a level sufficient to offset cost of issuing the permit and performing the forest resource reviews required for the permit.
- The bill does not specify that permit fees are to defray other administrative cost, only cost associated with issuing permits. In years where no permits are issued, there would be no funding source for administrative costs associated with the bill.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director